

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 COME-00 EPG-02 DODE-00 EB-07 FPC-01 H-01

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USIA-06 OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07

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FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 4845

INFO CINCPAC HONOLULU

AMEMBASSY MOSCOW

USLO PEKING

AMEMBASSY SINGAPORE

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

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CINCPAC FOR POLAD

EO 11652: N/A

TAGS: PINT, PFOR, CH

SUBJECT: CHINA HIGHLIGHTS, NO. 10

1. CHINESE PLEASED WITH U.S. SUPPORT FOR NATO

ALTHOUGH NCNA REPORTED WITHOUT COMMENT ON THE RECENTLY
CONCLUDED NATO SUMMIT, OVER HALF THE ARTICLE WAS DEVOTED
TO PRESIDENT CARTER'S REMARKS, INDICATING TACIT CHINESE
APPROVAL FOR THE U.S. INITIATIVES. LOCAL COMMUNIST
PRESS COMMENTARY WAS FAR LESS RESTRAINED IN PRAISING THE
MEETING, AND ONE PAPER REMARKED THAT CARTER'S POLICY
"SHOWS THAT THE U.S. IS ADOPTING A MORE POSITIVE ATTITUDE
IN A JOINT EFFORT AGAINST THE SOVIETS." ANOTHER CONTRASTED

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THE TOUGHER ATTITUDE AMONG NATO MEMBERS TOWARD THE SOVIET
MILITARY THREAT WITH WHAT THE CHINESE REGARD AS WEAKNESS
TOWARD THE SOVIETS AT THE HELSINKI CONFERENCE IN THE
SUMMER OF 1975. THE NATO MEETING WAS ALSO SEEN AS A STRONG
SIGNAL TO THE SOVIETS ON BOTH THE NEW SALT ROUND IN GENEVA
AND NEXT MONTHS CONTINUATION OF THE CSCE TALKS IN BELGRADE.

2. PRC'S INDUSTRIAL OUTPUT CLIMBING BACK

CHINA'S INDUSTRIAL OUTPUT SEEMS TO HAVE RISEN SIGNIFICANTLY DURING THE FIRST QUARTER OF 1977, CONTINUING THE UPWARD TREND WHICH BEGAN DURING THE LAST QUARTER OF 1976. CRUDE OIL, COAL AND ELECTRIC POWER REPORTEDLY OVERFULFILLED 1977 FIRST QUARTER STATE PLANS. RAIL TRANSPORT SET AN ALL TIME HIGH IN APRIL. ALTHOUGH NO FIRST QUARTER CLAIM WAS MADE FOR TOTAL INDUSTRIAL OUTPUT, IT SEEMS LIKELY THAT PRODUCTION IN MANY MAJOR SECTORS HAS RECOVERED TO LEVELS ACHIEVED BEFORE THE 1976 DISRUPTIONS. THE RECENT PRODUCTION GROWTH CAN PROBABLY BE ATTRIBUTED MOSTLY TO IMPROVED TRANSPORT OF BACKLOGGED GOODS AND RAW MATERIALS, REDUCTION IN WORKER ABSENTEEISM AND RESTORING PRODUCTION IN SHUTDOWN OR EARTHQUAKE-DAMAGED PLANTS. IMPROVEMENTS IN PLANT MANAGEMENT IN LINE WITH THE EMPHASIS AT THE TACHING CONFERENCE SHOULD FURTHER BOOST PRODUCTION.

3. OIL TO SPEAR HEAD NEW INDUSTRIAL PUSH

THE UNUSUAL PROMINENCE CHINA'S TOP LEADERSHIP HAS GIVEN THE PETROLEUM INDUSTRY AT THE CURRENT NATIONAL TACHING INDUSTRIAL CONFERENCE NOT ONLY UNDERLINES ITS PREEMINENT PLACE IN CHINESE INTERNAL DEVELOPMENT PLANS, BUT ALSO POINTS UP THE KEY ROLE OF OIL EXPORTS. MAJOR ADDRESSES LAST WEEK BY CHAIRMAN HUA, DEFENSE MINISTER YEH CHIEN-YING, AND THE PETROLEUM MINISTER ALL DEVELOPED A "BASIC INDUSTRY" THEME, BUT THE PETROLEUM INDUSTRY CLEARLY EMERGED AS THE "PRIMUS INTER PARES" OF CHINA'S BASIC INDUSTRIES. HUA'S INSTRUCTIONS LIMITED OFFICIAL USE

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TO BUILD TEN OR MORE FIELDS AS BIG AS TACHING AND HIS CALL FOR OTHER INDUSTRIAL DEPARTMENTS TO LEARN FROM THE PETROLEUM INDUSTRY PROGRAM DEVELOPED BY THE PETROLEUM MINISTER AND OTHER OIL

REPRESENTATIVES WHO EMPHASIZED EXPANSION OF EXISTING "MAIN" FIELDS AND GREATER EFFORTS IN PROSPECTING. A NUMBER OF CHINA'S NEWER FIELDS ARE AT AN EARLY STAGE OF DEVELOPMENT, OFFERING THE POTENTIAL FOR RAPID EXPANSION BY 1980. INTRIGUING REFERENCES TO OFFSHORE PRODUCTION AND PROSPECTING STRONGLY SUGGEST A GREATER EFFORT TO DEVELOP SEABED RESOURCES. SUCH HIGH-LEVEL ENDORSEMENT OF OIL DEVELOPMENT ALSO PROVIDES A CLEAR SIGN TO PROSPECTIVE JAPANESE TRADE PARTNERS OF THE PRC'S COMMITMENT TO DEVELOPING THE RESOUCSE BASE NECESSARY FOR ASTABLE, LONG-TERM TRADE RELATIONSHIP.

4. A CHINESE SNUB FOR GENERAL GIAP

CHINESE REPRESENTATION DURING GENERAL VO NGUYEN GIAP'S STOPOVER IN PEKING EN ROUTE FROM MOSCOW AND EASTERN EUROPE

WAS DELIBERATELY LOW-LEVEL, PROVIDING ADDITIONAL EVIDENCE
THAT SINO-VIETNAMESE RELATIONS HAVE BEEN ON THE DOWNTURN IN
RECENT MONTHS. YANG CHENG-WU-, A DEPUTY CHIEF OF STAFF WHO
IS NOT EVEN A CENTRAL COMMITTEE MEMBER, WAS THE HIGHEST
RANKING CHINESE HOST FOR GIAP DURING HIS RECENT VISIT.
BY CONTRAST, WHEN GIAP MADE A SIMILAR VISIT ON HIS WAY
BACK FROM AN OFFICIAL VISIT TO CUBA AND A STOPOVER IN
MOSCOW IN JANUARY 1976, HE MET WITH THE TWO TOP MILITARYMEN
ON THE POLITBURO. CROSS

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